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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 1227 Session of  
2024

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INTRODUCED BY LAUGHLIN, FONTANA, HAYWOOD, COLLETT, MILLER,  
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MAY 30, 2024

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REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,  
MAY 30, 2024

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AN ACT

1 Authorizing electric distribution companies to establish local  
2 solar programs; and providing for solar renewable energy  
3 credits and for powers and duties of the Pennsylvania Public  
4 Utility Commission.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Pennsylvania  
9 Local Solar Program Act.

10 Section 2. Findings and declarations.

11 The General Assembly finds and declares as follows:

12 (1) Solar energy can provide jobs in communities in this  
13 Commonwealth.

14 (2) Local solar energy generation in this Commonwealth  
15 can contribute to environmental goals, including reduction in  
16 air pollution, and can foster economic growth in communities  
17 in this Commonwealth.

18 (3) Many residents of this Commonwealth are unable to

1 participate in solar energy generation because they are  
2 constrained by the physical attributes of their home or  
3 business, such as roof space, shading or ownership status.

4 (4) Low-income customers are generally unable to choose  
5 to purchase renewable electricity through the retail market  
6 due to utility program rules that prohibit shopping for  
7 customer assistance program participants or put limits on  
8 costs, which disqualifies renewable energy with its cost  
9 premium.

10 (5) The intent of this act is to:

11 (i) Allow electric customers of this Commonwealth to  
12 use electricity produced by local solar generation within  
13 this Commonwealth.

14 (ii) Support the growth of solar energy projects  
15 constructed in communities within this Commonwealth.

16 (iii) Allow low-income customers an opportunity to  
17 choose renewable energy from local solar generation  
18 within this Commonwealth while maintaining participation  
19 in customer assistance programs.

20 Section 3. Definitions.

21 The following words and phrases when used in this act shall  
22 have the meanings given to them in this section unless the  
23 context clearly indicates otherwise:

24 "Commission." The Pennsylvania Public Utility Commission.

25 "Developer." A third-party entity under contract with an  
26 electric distribution company to build, own, operate and  
27 maintain a local solar facility. The term does not include a  
28 subsidiary or affiliate of an electric distribution company.

29 "Electric distribution company." As defined in 66 Pa.C.S. §  
30 2803 (relating to definitions).

1 "Local solar facility." A facility that meets all of the  
2 following:

3 (1) Generates electricity through the use of a  
4 photovoltaic solar device.

5 (2) Is connected to the electric distribution grid  
6 serving this Commonwealth.

7 (3) Is located in the service territory of an electric  
8 distribution company under the jurisdiction of the  
9 commission.

10 (4) Delivers electricity to the distribution system  
11 operated by an electric distribution company operating in  
12 this Commonwealth.

13 (5) Has an electric nameplate capacity that does not  
14 exceed 30 megawatts.

15 "Local solar program." A local solar program that is  
16 established under section 4(a) and offered by an electric  
17 distribution company.

18 "Low-income customer." An in-State retail end user of an  
19 electric distribution company that is participating in the  
20 electric distribution company's customer assistance program.

21 "PJM." The Pennsylvania-New Jersey-Maryland Interconnection  
22 Pool that procures electricity to meet consumer demands in real  
23 time and in the future.

24 "Solar energy rate." The cent-per-kilowatt-hour rate to be  
25 charged to subscribers, which includes generation, capacity and  
26 transmission costs and developer administrative fees, electric  
27 distribution company administration and system fees and taxes.

28 "Subscriber." A retail customer of an electric distribution  
29 company that elects to purchase electricity produced by a local  
30 solar facility through a local solar program.

1 Section 4. Local solar programs.

2 (a) Establishment.--An electric distribution company under  
3 the jurisdiction of the commission may establish a local solar  
4 program. If an electric distribution company elects to establish  
5 a local solar program under this section, the following shall  
6 apply:

7 (1) A local solar facility shall be constructed, owned,  
8 operated and maintained by a developer under contract with  
9 the electric distribution company. The developer may not be  
10 owned, operated by or affiliated with the electric  
11 distribution company.

12 (2) A developer shall be selected by a competitive  
13 process such as a request for proposals which shall be open  
14 to any interested party. The request for proposals shall  
15 clearly define the division of responsibilities and  
16 compensation concerning program marketing, customer service,  
17 metering, operation, market settlement, excess generation,  
18 low-income segmentation and customer pricing.

19 (3) Subject to approval by the commission, the electric  
20 distribution company shall enter into a long-term power  
21 purchase agreement with the developer to purchase all power  
22 produced by a project, with a minimum term of 15 years and a  
23 maximum term of 25 years.

24 (4) A developer shall be responsible for all PJM  
25 interconnection and electric distribution interconnection  
26 costs, the settlement of subscriber load through the PJM  
27 interconnection market, costs and credits associated with  
28 subscriber settlement through PJM interconnection and other  
29 costs related to the operation of the facility.

30 (5) No unsubscribed generation may be subject to the

1 rules and compensation specified between the developer and  
2 the electric distribution company. No costs pertaining to  
3 unsubscribed energy may be passed on to ratepayers by the  
4 electric distribution company.

5 (b) Subscribers.--

6 (1) Each customer served by an electric distribution  
7 company that elects to offer a local solar program shall be  
8 provided an opportunity to subscribe to the local solar  
9 program of the customer's electric distribution company,  
10 subject to the following customer eligibility criteria:

11 (i) Except as provided under subparagraph (iii), all  
12 residential and small commercial and industrial  
13 customers, as defined by the electric distribution  
14 company's tariff and rules, shall be eligible to  
15 participate.

16 (ii) A customer that participates in the electric  
17 distribution company's customer assistance program shall  
18 be eligible to participate in accordance with the limits  
19 under subsection (f).

20 (iii) A customer that receives net metering service  
21 may not participate.

22 (2) A subscription under paragraph (1) shall allow a  
23 customer to purchase renewable electricity produced by a  
24 local solar facility interconnected to the electric  
25 distribution company's system.

26 (3) The solar energy rate shall be reflected in the per-  
27 kilowatt-hour charge for energy on the bill of the customer.  
28 Subscription to a local solar program may not impact other  
29 charges on a customer bill, including transmission and  
30 distribution charges and customer fees.

1 (4) An electric distribution company may not charge a  
2 sign-up fee or other additional charge to a subscriber.

3 (5) A customer shall subscribe for the customer's entire  
4 electricity use per account, or a percentage of a customer's  
5 account, as permitted by an electric distribution company's  
6 local solar program.

7 (6) A subscriber may cancel a subscription at any time  
8 at no cost to the subscriber. An electric distribution  
9 company may not apply cancellation fees.

10 (7) A subscription may be transferred to another service  
11 address within the electric distribution company's service  
12 territory until the subscriber cancels the subscription.

13 (8) A subscription shall be available on a first-come,  
14 first-served basis. If a local solar program is fully  
15 subscribed, the electric distribution company shall maintain  
16 a wait list and allow additional customers to subscribe if  
17 additional subscriptions become available, in the order of  
18 the wait list.

19 (c) Cost recovery.--

20 (1) All costs of development and operation of a local  
21 solar program shall be incorporated into the solar energy  
22 rate charged to a subscriber for energy usage.

23 (2) An electric distribution company shall be allowed to  
24 recover all costs of the program, including implementation  
25 and reasonable administrative costs from each subscriber,  
26 subject to commission approval.

27 (d) Solar renewable energy credits.--Each solar renewable  
28 energy credit generated by a local solar program shall count  
29 toward the electric distribution company's compliance with the  
30 act of November 30, 2004 (P.L.1672, No.213), known as the

1 Alternative Energy Portfolio Standards Act.

2 (e) Low-income customers.--

3 (1) A portion of a local solar facility's output in  
4 kilowatt hours shall be reserved for subscription by low-  
5 income customers. The amount of output reserved for low-  
6 income participation shall be from a minimum of 5% to a  
7 maximum of 15%.

8 (2) The electric distribution company shall set the low-  
9 income customer reservation prior to issuing the request for  
10 proposal to a developer.

11 (3) A low-income customer subscribing to a local solar  
12 program shall:

13 (i) Remain eligible for an electric distribution  
14 company's customer assistance program.

15 (ii) Pay a rate not to exceed the electric  
16 distribution company's price-to-compare.

17 (f) Implementation and evaluation.--

18 (1) Within 120 days of the effective date of this  
19 paragraph, the commission shall establish procedures for  
20 reviewing and approving a local solar program.

21 (2) The commission shall establish regulations for  
22 approving the request for proposal process and results,  
23 including the cost for energy, which shall be fixed over the  
24 life of the contract.

25 (3) The commission shall establish a process for  
26 evaluating local solar programs within the first year  
27 following activation of the local solar program, and not less  
28 than every three years thereafter, to ensure that local solar  
29 programs are achieving the objectives of this act.

30 Section 5. Effective date.

1        This act shall take effect in 60 days.